

## Message Text

LIMITED OFFICIAL USE

PAGE 01 OECD P 11239 01 OF 02 091116Z

11

ACTION EUR-25

INFO OCT-01 ISO-00 SSO-00 INRE-00 NSCE-00 AEC-11 AID-20

CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02

FPC-01 H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01

PM-07 RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

EA-11 FRB-02 IO-14 NEA-14 OPIC-12 LAB-06 SIL-01

SWF-02 OIC-04 DRC-01 /220 W  
----- 089113

O 091102Z MAY 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 2620

LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 11239

E.O. 11652: N/A

TAGS: ENRG, OECD

SUBJECT: OECD MINISTERIAL: ENERGY

1. SUMMARY. ENERGY DISCUSSION AT MINISTERIAL WILL HAVE AS REFERENCE RELATIVELY SHORT (EIGHT PAGES IN PRESENT VERSION) DOCUMENT THAT REVIEWS SOME ASPECTS OF OECD LONG-TERM ENERGY ASSESSMENT, SUGGESTS SOME TENTATIVE CONCLUSIONS (ESPECIALLY ON ENERGY CONSERVATION, DEVELOPMENT OF INDIGENOUS SOURCES, AND ENERGY PRICING), AND PROPOSES SECGEN, IN CONSULTATION WITH NATIONAL EXPERTS, BE GIVEN FULL RESPONSIBILITY FOR COMPLETING ASSESSMENT. END SUMMARY

2. SECGEN'S DOCUMENT FOR AGENDA ITEM 2, "OECD COOPERATION ON ENERGY POLICIES," C(74)82 DATED MAY 6, POUCHED TO WASHINGTON MAY 7. WE HAVE ALSO SENT COPIES BY MAIL AND WILL HAVE FURTHER COPIES HANDCARRIED FOR QUICKEST POSSIBLE WASHINGTON CONSIDERATION. DOCUMENT WAS GIVEN PRE-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 11239 01 OF 02 091116Z

LIMINARY CONSIDERATION AT MAY 7 HEADS OF DELS (SEPTTEL)

AND IS TO BE DISCUSSED MORE FORMALLY AT MAY 14 COUNCIL MEETING. HIGHLIGHTS OF DOCUMENT FOLLOW.

3. DOCUMENT BEGINS WITH SHORT REFERENCE TO ORIGIN OF OECD LONG-TERM ENERGY ASSESSMENT AT 1972 MINISTERIAL AND NOTES SUBSTANTIAL CHANGES IN SITUATION WHICH HAVE ALTERED ASSUMPTIONS WHILE CONFIRMING IMPORTANCE OF STUDY.

4. DOCUMENT FOCUSSES ON IMPORTANCE FOR POLICY-MAKING OF ANALYSIS BASED ON RANGE OF PRICE ASSUMPTIONS FOR CRUDE OIL AND RESULTING FORECASTS FOR 1980 AND 1985. WHILE RESULTS OF ASSESSMENT IN THIS REGARD NOT YET READY FOR DETAILED DESCRIPTION, DOCUMENT STATES THAT THEY "POINT TO A FIRST CONCLUSION, HIGHLY RELEVANT TO POLICY DECISIONS: ON THE ASSUMPTION THAT INTERNATIONAL OIL PRICES REMAIN AT OR NEAR THE PRESENT LEVELS, THE VOLUME OF OIL IMPORTS OF THE OECD AREA IN 1980 WOULD NOT EXCEED THAT IN 1973, A DRAMATIC DOWNWARD REVISION FROM THE PRE-OCTOBER 1973 FORECASTS." CONCLUSION IS NOT, HOWEVER, THAT MARKET MECHANISM ALONE WILL SOLVE ALL PROBLEMS RELATED TO ENERGY CRISIS.

5. THREE MAIN ISSUES FOR ENERGY POLICIES ARE INDICATED:

(A) ENERGY CONSERVATION AND DEMAND RESTRAINT. SECRETARIAT SUGGESTS HIGHEST PRIORITY SHOULD BE GIVEN TO ENERGY-SAVING EFFORTS, BECAUSE OF THEIR BENEFICIAL EFFECT ON ENVIRONMENT, BECAUSE THEY ARE LIKELY TO HAVE QUICKER AND MORE CERTAIN IMPACT, AND BECAUSE THEY WILL CONTRIBUTE TO DOWNWARD PRESSURE ON ENERGY PRICES AND THEREFORE HAVE AN ANTI-INFLATIONARY IMPACT. POSSIBILITY OF GOVERNMENT MEASURES FOR EMERGENCY, SHORT-TERM AND LONG-TERM IMPACTS IS INDICATED.

(B) REMOVAL OF OBSTACLES TO DEVELOPMENT OF INDIGENOUS SOURCES. SECRETARIAT PAPER MENTIONS IN PARTICULAR POSSIBILITIES FOR EXPANDED USE OF COAL, NUCLEAR POWER AND CONVENTIONAL CRUDE OIL, WITH COMMENT THAT INVESTORS NEED ASSURANCE THAT PROFITABILITY OF NEW INVESTMENTS WILL BE PROTECTED AGAINST A DROP IN PRESENT OIL PRICE. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OECD P 11239 01 OF 02 091116Z

(C) IMPROVED ENERGY PRICING POLICIES. DOCUMENT NOTES DILEMMA OF EFFECT OF HIGHER ENERGY PRICES ON THE GENERAL INFLATIONARY PROCESS AND THE "CRUCIAL IMPORTANCE OF FISCAL POLICY AND REGULATION OF ENERGY PRICES IN TRANSMISSION OF THE IMPACT OF INCREASED ENERGY PRICES TO THE CONSUMER." WHILE RECOGNIZING IMPORTANCE OF SHORT-TERM FACTORS, DOCUMENT SUGGESTS LONG-TERM GUIDELINES TO PRO-

VIDE CONSISTENT POLICIES FOR PRICES PAID TO ENERGY PRODUCERS: AVOID PRICES HIGHER THAN COSTS WOULD INDICATE, AVOID WINDFALL PROFITS ("ESPECIALLY IF THEY DO NOT PROVIDE A POWERFUL INVESTMENT INCENTIVE"), AND DISCONTINUE DISCRIMINATORY SUBSIDIES THAT RESULT IN RELATIVELY LOW PRICES FOR INDIGENOUS ENERGY. NOTES ALSO THAT "SERIOUS DISTORTIONS TO INTERNATIONAL TRADE MAY RESULT FROM DIFFERENCES BETWEEN TAXATION AND SUBSIDY OF VARIOUS FORMS OF ENERGY IN "MEMBER COUNTRIES." CONCLUDES (1) FURTHER IMPACT OF OIL PRICE INCREASES ON  
C

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 OECD P 11239 02 OF 02 091110Z

11  
ACTION EUR-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 AEC-11 AID-20

CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02

FPC-01 H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01

PM-07 RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

EA-11 FRB-02 IO-14 NEA-14 OPIC-12 LAB-06 SIL-01

SWF-02 OIC-04 DRC-01 /220 W  
----- 089108

O 091102Z MAY 74  
FM USMISSION OECD PARIS  
TO SECSTATE WASH DC IMMEDIATE 2621

LIMITED OFFICIAL USE SECTION 02 OF 02 OECD PARIS 11239

CONSUMER PRICES SHOULD EITHER BE DAMPED OR PHASED, OR OFFSET BY FISCAL MEASURES TO AVOID AGGRAVATION OF INFLATIONARY CLIMATE, (2) ENERGY CONSERVATION MEASURES THAT DO NOT RELY ON PRICE MECHANISM PARTICULARLY USEFUL, AND (3) INTERNATIONAL ENERGY PRICE REVIEWS AND SOME SELEC-

TIVE HARMONIZATION MIGHT BE USEFUL.

6. SECTION ON FUTURE STEPS LEADS TO SUGGESTED ENTRY IN MINUTES OF MINISTERIAL COUNCIL, WHICH IS PROCEDURAL ONLY. TEXT OF DRAFT ENTRY FOLLOWS:

FOLLOWING AN EXCHANGE OF VIEWS ON THE NOTE BY THE SECRETARY-GENERAL, C(74)82, MINISTERS MAY WISH:

TO NOTE THE INITIAL CONCLUSIONS EMERGING FROM THE ORGANISATION'S LONG-TERM ENERGY ASSESSMENT;

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 11239 02 OF 02 091110Z

TO DECIDE TO AMEND THE MEASURES PREVIOUSLY TAKEN BY THE COUNCIL CONCERNING AN OVERALL PROGRAMME ON LONG-TERM ENERGY POLICIES (C/M(72)28 PART II(FINAL)), IN INVITING THE SECRETARY-GENERAL TO SUBMIT THE COMPREHENSIVE REPORT ON THE LONG-TERM ENERGY ASSESSMENT TO THE COUNCIL, UNDER HIS OWN RESPONSIBILITY, BEFORE 31ST OCTOBER, 1974, AFTER TAKING INTO ACCOUNT THE VIEWS EXPRESSED BY COMPETENT NATIONAL EXPERTS, IN AN AD HOC MEETING.

BROWN

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, MEETING AGENDA, CONSERVATION, MINISTERIAL MEETINGS, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GarlanWA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974OECDP11239  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740112-1163  
**From:** OECD PARIS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740561/aaaacckr.tel  
**Line Count:** 197  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GarlanWA  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 22 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <22 APR 2002 by kelleyw0>; APPROVED <10 FEB 2003 by GarlanWA>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** OECD MINISTERIAL: ENERGY  
**TAGS:** ENRG, OECD  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005